

Montana Biomass Working Group Meeting

DNRC Missoula Office

December 13, 2010

1:00-3:00 pm

Meeting Minutes

Attendees: Julie Kies-DNRC, Howard Haines-DEQ, Todd Morgan-UM BBER, Brian Spangler-DEQ, Bill Webb-DEQ, Roger Marshall-Swan Ecosystem Center, Julia Altemus-DNRC, Martin Twer-MSU Extension, Carla Monismith-USFS, John Thompson-BLM, Shawn Thomas-DNRC, Angela Farr-USFS, Christine Johnson-Johnson Bros, Nathan Ratz-CTA Architects and Engineers, Tom Javins-UM, Cherie Peacock-UM, Todd Schaper-McKinstry, Nate Anderson-Rocky Mtn. Research Station.

Phone: Bill Wall-Sustainability Inc., Vickie Walsh-DEQ, Jim Kranz, Chuck Roady-Stoltze, Paul McKenzie-Stoltze, Craig Rawlings-MCDC, Dan Lloyd-DOC, Mark Peck-DNRC Libby, Joe Kerkvliet-The Wilderness Society

Agenda Items:

- Recent DNRC Biomass grant awarded projects—Julie Kies
- EPA GHG Tailoring Rule as it relates to woody biomass—Julie Kies
- Biomass Crop Assistance Program—Glenn Patrick, MT Farm Service Agency
- Policy Update: federal renewable energy/biomass policies—Julia Altemus
- Briefing on draft of MT Biomass Utilization Strategy—Julia Altemus
- Update on Biomass Harvest Guidelines—Julie Kies
- Update on Univ. of Montana biomass project—Tom Javins, UM Facilities Engineer and Todd Schaper, McKinstry
- Happenings of regional biomass working groups around the state—to be determined
- What's new/of interest to the group
- Next Meeting: late January

Recent DNRC Biomass grant awarded projects—Julie Kies

Julie mentioned the recent DNRC grant awards.

DNRC Statewide Biomass Utilization Grants awarded to projects doing planning/design of biomass energy systems:

- 1) Univ. of MT-\$180,000,
- 2) Mineral Community Hospital --\$175,000 for planning/design of biomass energy system that will also be integrated into the adjacent school campus.
- 3) Clark Fork Valley Hospital, Plains--\$104,000 for planning/design of wood pellet-fired energy system.

DNRC Reg'l Planning Grant:

- 1) Blue Marble Biomaterials--\$30,000 for pre-construction/design/permitting work development of biochemical processing facility in Corvallis, MT.

Happenings of regional biomass working groups around the state—to be determined

Julie: mentioned other local biomass working groups around the state:

Blackfoot-Seeley-Swan; Forest Products Processing Center—group in Bitterroot; Libby; Eastern MT Biomass Task Force. At one time there was a biomass-interest group talking and meeting in the Helena/Clancy area.

Roger Marshall mentioned the work of the Seeley-Swan-Blackfoot Biomass Working Group. Their goal is to bring new technologies and opportunities to those areas that add value to forest biomass products. They are currently looking for a site to demo the Biomax gasifier in the area—scoping Paws Up and E-L Ranch. Looking to tie biomass utilization to forest management work of the SW Crown CFLRP project in the area.

Mark Peck, DNRC Libby Unit: local biomass working group there includes members of DNRC, Plum Creek, NW Reg'l RC&D, Kootenai Valley Econ. Dev, county commissioner. Looking for biomass opportunities—currently scoping Libby High School, redevelopment of Stimson mill site for co-gen. Flathead Electric Coop has shown interest. Air quality is a main issue of concern in Libby. They are talking with local air regulators and DEQ.

Policy Update: federal renewable energy/biomass policies—Julia Altemus

Julia shared handout of federal legislation around renewable energy and climate. See attached materials.

- a lot of state renewable energy and climate bills this leg. session—approx. 20. HB 6, SB 7, SB 47—wood chipper exemption

Brian Spangler mentioned the article in Helena IR about state republicans seeking to repeal MEPA and RPS.

EPA GHG Tailoring Rule as it relates to woody biomass—Julie Kies

Julie shared handout of where things are at w/EPA's GHG tailoring rule. See attached materials.

BCAP--Glenn Patrick, FSA

National FSA office is working through the regulations. They are on weekly calls with FSA. Glenn encouraged folks to look at BCAP website with information, fact sheets, etc:

<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ener&topic=bcap>.

Items highlighted by Glenn:

- There are two prongs to BCAP: 1) the new crop payments and 2) the matching payments. The matching payments are what we're familiar with from last year. In Montana, interest in program is most likely to come from forest products and users, not agriculture.
- 1st phase—release request for applications for Qualified Conversion Facilities. Angela Farr asked question as to whether previously qualified entities have to reapply/re-certify. Answer is yes, they do.
- Glenn noted the 2 year term limit for payments. Folks can access the program for 2 years. If you participated last year, that duration is included in your term count. However, the clock stopped after your last delivery last year and restarts if/when you resume deliveries this year.
- Eligible materials have changed—still waiting for more info
- Still \$1/dry ton match, up to \$45/dry ton.
- Material must be harvested/collected directly from the land
- Material must be a by-product of preventative forest treatments. Question regarding eligibility of pine beetle-affected trees has to go back to nat'l office.
- Regarding “arm's length transactions”: material must be purchased at fair market value, can't make special deals. Potential for scenarios where material owner is also a Qualified Conversion Facility. Have to show a ledger.

Comments from Angela and Julia regarding the parts of BCAP referring to “higher market value” will require a lot of consultation and coordination with local MT forest product industry and market experts. Difficult to put a firm designation on “higher market value”.

Julia asked if FSA had folks from forestry community in discussions and suggested the involvement of a few associations—Nat'l Assoc. of State Foresters and others. Glenn said he'd look at his list of involved parties and see if they were on there. He would like to hear comments/concerns from forestry community. Julia/Julie will send list of particular forestry associations/organizations to Glenn so he can see if they're engaged.

Question about how BCAP relates to removal of material from public land. Answer: material from pub lands is eligible for matching payments, but not the “new crop” program.

Question about how BCAP matching payments program works. Julie explained by giving example of scenario: Victor School signs up to be a Qualified Conversion Facility. The school buys wood fuel from a logger and pays \$35/dry ton for fuel. The logger goes to his local county FSA office and submits records of his sales/deliveries. The FSA office will provide a payment to the logger that provides a \$1:\$1 match (up to \$45/dry ton). So in this case, the logger would get an additional payment of \$35/ton for the wood fuel he sold to Victor School.

Again, Glenn encouraged folks to review the CFR and to provide questions/concerns.

Briefing on draft of MT Biomass Utilization Strategy—Julia Altemus

Julia reported that the strategy is still in drafting and had initially had a targeted completion date of Jan. 3. It has been difficult to get the sub-group members together to provide input and edits. Julia can provide copy of the current draft to folks if they're interested in seeing it. She will be scheduling another meeting of the strategy sub-group in January. Goal is to provide 'final' draft to full group at next full BWG meeting (late January).

Update on Biomass Harvest Guidelines—Julie Kies

Julie reported that progress on developing guidelines has been slower than anticipated. Last meeting of sub-group was June 1. Julie will send out a doodle to schedule a meeting in mid-January.

Julie mentioned that she spoke with Zander Evans with the Forest Guild, who had been involved in publishing the national "assessment of biomass harvest guidelines." He said, if our sub-group is interested, he'd be happy to review our draft and/or pass it on to others experienced in the field for review. We'll ask the sub-group if they're interested in this.

Julie reported that Roger Ziesak is working on updating the spiral-bound BMP book and will incorporate considerations for biomass harvest/retention. Julie has provided suggestions to Roger based on previous topics discussed with sub-group. Roger will provide a draft of these updates to the sub-group when they are ready, seeking review/approval. They will then be passed on the state BMP work group for review.

Update on Univ. of Montana biomass project—Cherie Peacock, UM Sustainability Coordinator; Tom Javins, UM Facilities Engineer and Todd Schaper, McKinstry

See attached handout of information.

Cherie provided an overview of why UM is considering biomass plant—relates to recommended actions in campus Climate Action Plan for becoming carbon neutral by 2020.

Tom explained that UM is one of the first MT state facilities to enter into an energy performance contract, which is a new process for state facilities. UM is looking at using logging residue for fuel. Have located a source with price at \$40/dry ton. This would likely be fuel that's passed through a grinder one time and then delivered to the facility. Expect 2 days of wood fuel storage on-site. 12' deep storage bin would allow deliveries from live-bottom trailers. Plans to mitigate dust/dirt. In discussions with DEQ on air permitting requirements. Still in preliminary stages of project planning since they still need approval from the BOR. Looking at burning 15,600 dry tons/yr.

Todd talked about the combustion technology. McKinstry solicited several biomass boiler manufacturers and Nexterra rose to the top of the list. They are still not in contract with Nexterra. They are reviewing traffic/noise mitigation.

Question about fuel supply and sourcing. Todd responded stating they have worked with Camas Creek Enterprises and LD Jellison to identify and contact fuel suppliers and get price quotes. A request for letters of interest with fuel specs included received responses.

UM has structured a risk-reserve to help cover fuel costs if higher than expected during certain durations. The project is slated to be cash-positive---\$200,000/yr starting first year.

Tom re-iterated that the project is still in the preliminary stages of feasibility and design and it has been a tricky game of timing to respond to the public with certain info that UM is still exploring.

Discussion about how the public open house was a good event.

What's new/of interest to the group

Brian Spangler:

- DEQ will be releasing joint DEQ/DNRC Request for Applications for Mill Energy Audits in the coming weeks. DEQ has received proposals back in response of RFQ for hiring pre-qualified consultants to conduct the audits and will be making selections in coming weeks. Anticipated cost of mill energy audits is \$30-\$35,000. These completed energy audits will boost eligibility of mills to access other funds: USDA RD, BPA and NW Energy, etc.
- NCAT and Climate Solutions will be hosting a 1 day workshop in May on how to fill out USDA REAP applications.
- Brian is talking with Craig Rawlings on forming a steering committee to address issues with biomass fuel specifications.

Angela Farr:

- USFS 2011 Woody Biomass Utilization Grant RFP is out. Application details here: <http://www.fpl.fs.fed.us/research/units/tmu/tmugrants.shtml>. Emphasizing permitting/design of biomass energy projects. \$250,000 max award. Apps due March 1, 2011. Applicants are to sork through their regional USFS State and Private Forestry Offices. Dave Atkins and Angela Farr are MT contacts. Each USFS Regional Offices will prioritize applications from their region and provide that info to national selection committee. It is not likely that more than 10 applications from each region will forward to nat'l committee.
- The Sec. of Agriculture has ramped up attention on wood-to-energy. Make it happen! MT USDA is very engaged with USFS.

Brian mentioned that federal policies re-focusing efforts to develop liquid biofuels that are easily/readily integrated, transported, distributed and combusted into existing liquid fuel pipelines and vehicles/equipment.

Nate Anderson: provided a briefing on the work he's doing with mobile/modular biomass energy technologies. These include looking at syngas/biochar.

- He is evaluating machinery produced by ABRI, from Ontario, BC, whose equipment only processes 1 ton/day. They have sampled 9 different feedstocks, but production seems to be low for all.
- Looking at a technology in Golden, CO that costs \$100-200,000—it produces only biochar, no liquid.
- In January, will be going to North Carolina to look at high-temp fast pyrolysis technology. Test the chemistry and emissions.
- Spatial analysis/biomass supply models in Umcompahgre Plateau, CO. Aspen restoration, CFLRP-10 year treatment.

Julie mentioned that John Todd, UM Grad student will be defending his thesis on Friday which is about social acceptance of biomass energy in MT. Todd M will provide details on place/time. Julie plans to invite John to present at future BWG meeting.

Next Meeting: late January

Julie will send out doodle poll to schedule.